



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION III
1650 Arch Street
Philadelphia, Pennsylvania 19103-2029

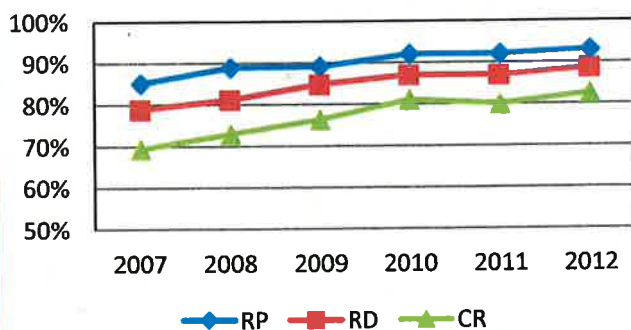
NOV 21 2012

Mr. George Hartenstein, Director
Bureau of Environmental Cleanup and Brownfields
Pennsylvania Department of Environmental Protection
Rachel Carson State Office Building
400 Market Street, 14th Floor
Harrisburg, Pennsylvania 17105-8471

Dear Mr. Hartenstein:

Congratulations on your new position as Bureau Director of Environmental Cleanup and Brownfields. On November 7, 2012, the Environmental Protection Agency (EPA) Region III conducted the FY12 end-of-year review of the Pennsylvania Department of Environmental Protection (PADEP), RCRA Subtitle "I" Underground Storage Tank (UST) and Leaking Underground Storage Tank (LUST) programs. Your staff had the opportunity to review this letter and offer comments.

Pennsylvania SOC Rates

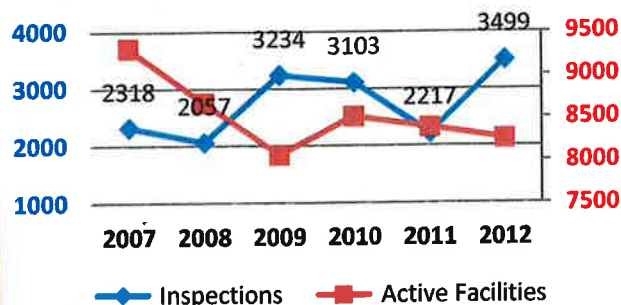


Overall, EPA is pleased with PADEP's performance in the UST and LUST programs through end-of-year FY12. In the UST Program, the Commonwealth has commendable compliance rates. PADEP's Significant Operational Compliance (SOC) rates have steadily increased from FY05 through FY12. PADEP achieved SOC rates of 88.7% for Release Detection (RD) (verses 86.5% at EOY11), 93% percent for Release Prevention (RP) (verses 91.9% at EOY11), and 82.5% for Combined

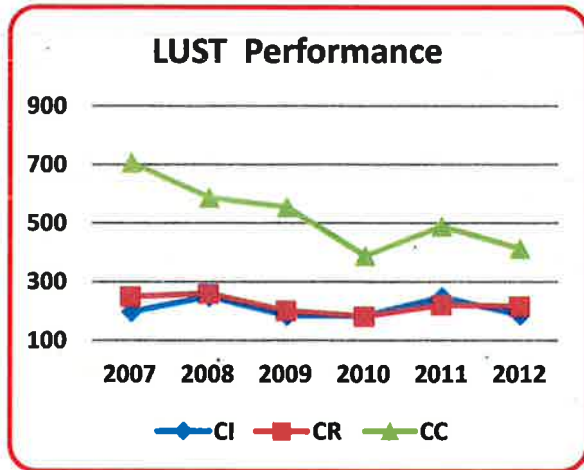
Release Detection/Prevention (CR) (versus 80.0% at EOY11). EPA commends PADEP for its rigorous compliance and enforcement program, its outstanding education of the regulated community, and for operating an excellent third-party inspection program, all of which contribute to its high compliance rates.

The Commonwealth conducted a total of 3,499 inspections, achieving an inspection frequency of 2.3 years. EPA appreciates PADEP's efforts in exceeding the 3-year inspection requirement of the Energy Policy

Inspections



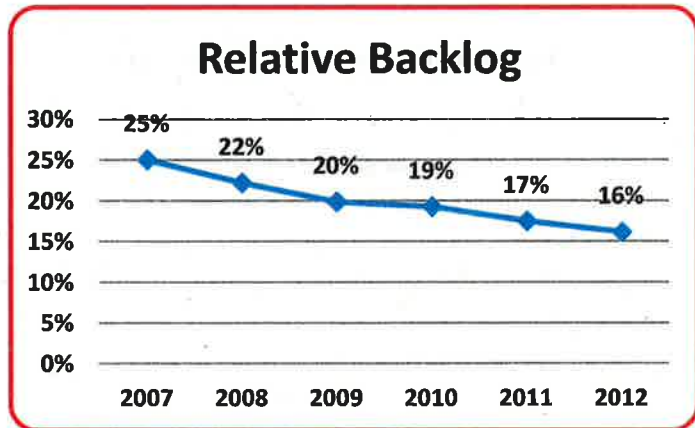
Act. EPA is pleased with the Commonwealth's work in meeting the UST provisions of the Energy Policy Act (EPAct) and thanks PADEP for submitting its list of SOC inspections conducted during FY12. The Region is requesting this information to help us to verify that States are complying with the Energy Policy Act Inspection requirement. By the end of the current grant cycle, EPA should have three lists that represent, to a large extent, the State's universe of federally-regulated tanks that required SOC inspections.



In the LUST program, PADEP surpassed its grant goals for cleanups completed. PADEP's cooperative agreement work plan specified a grant supported goal of 360 cleanups with PADEP accomplishing 412 cleanups for FY12. PADEP currently has a relative backlog of 16% versus 17% at EOY11. EPA appreciates PADEP's backlog reduction efforts and its progress in this area.

PADEP treats its QAPP and QMP as working documents, updating them as needed to successfully implement the program. EPA's Office of Analytical Services and Quality Assurance (OASQA) approved PADEP's QAPP in October 2012 and approved PADEP's QMP in January 2011 for a period of five years.

To ensure solid financial responsibility and the soundness of State funds, EPA has enhanced and developed a new State Fund Oversight process to obtain information about State funds, their resources and their performance. On September 7, 2012, Pennsylvania's Underground Storage Tank Indemnification Fund (USTIF) completed EPA's Fund Soundness Workbook and submitted its most recent actuarial analysis, which was prepared by Aon Risk Solutions. The analysis reported that the Board established a fee setting objective that requires having positive Cash and Invested Assets for a projection period of at least five years. The report also stated that no fee increases are necessary and the requirement that positive cash and invested assets be maintained over a five year time horizon.




Upon EPA's review, it appears that funds are reasonably available to keep pace with current Fund expenditures. EPA will follow up with the USTIF to learn whether the repayment of the \$100m loan that USTIF made to the PA General Fund in October 2002 remains on track to meet its amortization schedule. The loan is scheduled to be paid in full by 2014.

EPA appreciates PADEP and the Pennsylvania Underground Storage Tank Indemnification Fund (USTIF) for providing EPA with this information to ensure solid Financial Responsibility for cleaning up releases and reducing the State's backlog of LUST sites.

I thank your office for its continued productivity in implementing the UST and LUST and. If you have any questions regarding this letter, please contact me at (215) 814-3143 or at ferdas.abe@epa.gov.

Sincerely,



Abraham Ferdas, Director
Land & Chemicals Division

cc: N. Wagner, PADEP
C. Swokel, PADEP
K. Shiffer, PADEP